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for the investment of foreign capital as it has done in the past. . . To sum up, I think the future of Shanghai depends on China and the Chinese and their interests and that foreigners would be wise to run with them.[3]

The Commissioner and the missionary were in effect saying the same thing, although in different ways—that the most important thing about Shanghai was its relation to China; and that the city contained the seeds of great change for the entire country.

While it lasted, foreign Shanghai was an exciting and colorful place which travel folders could not exaggerate. It was for instance justly famous as one of the wickedest cities in the world, and we have the testimony of a duke for that as early as 1869. Following his visit to Shanghai, the Duke of Somerset referred to it in the House of Lords in that year as "a sink of iniquity."[4] His words pained especially the missionary residents of the city, and the Chamber of Commerce considered a formal reply through the foreign secretary, but matters never proceeded beyond the local press. The difficulty was that His Grace was right, and the city's own archives proved it. At the Landrenters' meeting in 1864, Sir Harry Parkes, then British consul at Shanghai, stated that of a total of 10,000 Chinese houses in the International and French Settlements, 668 were brothels, "while opium and gambling houses were beyond counting."[5] Seventy years later in 1934, a local Chinese newspaper estimated that Shanghai led the world's cities in prostitution as a specialty: in London, one person in 960 was a prostitute, in Berlin one in 580, in Paris one in 481, in Chicago one in 430, in Tokyo one in 250, and in Shanghai, one in 130.[6] It was indeed a major commercial enterprise in the city, and the fact that so many people earned their livings thereby stymied all attempts to eradicate or mitigate it. A special commission appointed in 1919 to investigate vice in the city recommended that all brothels be removed in five years, hoping that during that time other means of livelihood might be found. Licenses were issued in 1920 with the understanding that all licenses were to be withdrawn in 1925. But the plan was abandoned before the end of the five-year period as a complete failure. An earlier reform attempt also ended in failure when the first American judge of the United States Court for China arrived in

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369 548 Shanghai in 1906 and began a crusade especially against American brothels. He became exceedingly unpopular in Shanghai, and finally felt obliged to sue the *Shanghai Gazette* for libel after he had abandoned both his crusade and his post and prepared to return to the United States.[7]

276 Opium dens in the two foreign settlements remained open long after those in the Chinese city had been officially (i.e., in many cases not actually) closed by imperial decree, and until at least 1935 these establishments flourished publicly. Subsequent regulations merely made them more circumspect. In the French Settlement opium vendors on the streets sold their wares in paper packets with labels giving their names, addresses, and telephone numbers. (Opium establishments were increasingly numerous and open in the Chinese 369 city also after 1911, and into the 1940's). Kidnapping[1] was another 683 important enterprise, and a highly profitable one, since many wealthy Chinese moved into the foreign settlements where their property and persons were more secure but whence they or their children could be spirited over the short distance into Chinese territory and held for ransom. Organized commercial gambling was also a big business, and existed in Shanghai probably on a larger scale than in any other city in the world.[8]

625 692 648 369 Law enforcement was severely handicapped by the complex but ambiguous legal and administrative situation. Chinese police could not pursue suspects into the foreign settlements, and foreign police were similarly excluded from the Chinese areas. Foreigners in Shanghai lived under extraterritoriality, by which they were governed according to their respective national laws administered by their own consuls, but the law was seldom read to them with the same severity as it would have been at home. For one thing, the consul was often personally involved in business affairs in Shanghai, or was at least a personal friend of the defendant or plaintiff. Petty and grand swindles of all kinds tended to flourish under such conditions. It was easy enough for a foreigner to leave Shanghai if it became necessary, and he seldom had to face legal consequences at home. Chinese residents of the foreign settlements had unprecedented freedom of movement and activity. Foreign legal authority over them was tenuous, Chinese police could not operate in the Settle-

[1] Lin Shanghai -- Analyst

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369 166 morality for the laxity and easy virtue which some Shanghai residents thought would prove a match even for the Peoples' Government.*

369 166 722 455 Another element which made life in Shanghai exciting, lawless, and profitable for the foreigners was the periodic flooding of the city by refugees from civil disorder in China. Shanghai was a tiny island of relative security at such times, where the presence of foreign consuls and troops and the quasi-independent status of the foreign settlements attracted large numbers of Chinese within its borders. The first great influx occurred at the time of the Taiping Rebellion (1850–1864), during which a local uprising of the Triad Society in 1853 and 1854 connected with the Rebellion virtually surrounded Shanghai, and even penetrated the Settlement until the troops were expelled by the foreigners. There were about 500 Chinese residents of the foreign settlements in 1852, 20,000 in 1854, and 500,000 in 1864.[9] Fortunes were made and lost in real estate and general speculation as the tide of refugees flowed and ebbed in response to the progress of hostilities in the Yangtze delta. Chinese capital from the hinterland also gravitated to the protection of the foreign settlements and added more fuel to the speculative blaze.

> Legitimate (sic) business of all kinds received a great stimulus upon the expulsion of the Triads from the city, and a period of feverish and well-nigh fatal speculation set in. The price of land inside the Settlement and even without went up to an enormous pitch as thousands of wealthy Chinese from all sides flocked into the place for the security it offered. . . Great tracts of land were hastily built over with cheap shanties by the foreign speculators, who reaped a golden harvest. . .[10]

[529] Land within the Settlements which sold for an average of £50 an acre in 1852 sold for an average of £10,000 in 1862. In 1862, for the first time since it had been built, the race course, pride of the Settlement, was idle. The foreigners were too busy to hold the races, and in the next year the race course was sold for tenement construction for twenty times its original price.† [11]

548 * The *China Monthly Review* records in its issue for January 1952 (p. 96) that at the time of the Communist take-over in May 1949 there were 800 brothels in Shanghai, which by November 1951 had been reduced to 71. In the latter month these were closed, and the 500 inmates sent to a special reorientation and training school, in accordance with the pattern established earlier in north China.

† Part of the proceeds was used to buy a new tract for a race course farther out

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442 439 foreign firm employed a tea expert, usually a foreigner, who went every year in the tea season of late April and early May to the local collecting centers in the hinterland at Kiukiang, Hukow, Hankow, Siangtan, and Hangchow (map 9), where he made his own selection and bought according to the anticipated state of the London market. By the time of the Treaty of Tientsin in 1858, the original provision that foreigners must not be away from the treaty ports for more than one day had yielded to foreign assertiveness and the demands of trade. Under the new treaty, foreigners were permitted free movement to all parts of the empire, and required a passport only beyond 100 *li* (approximately 33 miles) from the treaty ports.

For the silk trade at Shanghai, there was also an expert attached to each foreign trading firm, again usually a foreigner, but since the main silk-producing areas were in the delta it was not necessary for him to travel so extensively, and he did most of his appraising and buying of silk in Shanghai. Kiangsu and Chekiang silk was considered by these men to be the finest in the world, a quality which they ascribed to the favorable effects of the climate and soil on the growth of the silk worm and on the excellence of its diet of mulberry leaves. The silk was brought to Shanghai by Chinese silk merchants in the city, who bought it at hinterland collection centers, notably Soochow, Wusih, Huchow, and Hangchow.

Much depended on the accuracy of predictions about the London market. In the early days of the Settlement, letters from London arrived via Bombay or Calcutta by the opium clippers, forerunners of the tea clippers, which carried a cargo of such high unit-value that they could sacrifice size and weight to speed. By 1840 they had supplanted the slow-moving and cumbersome East Indiamen of the old Company, and at Woosung they discharged their cargo into hulks anchored in the Yangtze, since the importation of opium had been made illegal for American, French, and Russian nationals by their treaties with China after 1842, and declared illegal for British [548] subjects by Sir Henry Pottinger in 1843. The opium was illegally distributed from Shanghai by the Chinese dealers to whom it was sold there. Mail was at the same time dropped off at Woosung, and rushed to Shanghai by pony express, whose riders galloped up the

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sequently be expected. Like the earlier grandiose expectations of the East India Company days, it never materialized.*

Second, the opening of the Yangtze was a leading factor in permitting the increasing native opium production, notably in Szechuan, to acquire the major share of the China market by the 1870's, at the expense of opium imported from India. Opium was not introduced into China by the Europeans. It had been consumed domestically, from both domestic and foreign sources, since at least the early eighteenth century, and the first Imperial Edict against the import and smoking of opium was issued in 1729. Small amounts of the Szechuan production had continued to find their way as far as Canton by overland routes well into the nineteenth century, despite new Imperial Edicts of 1821 and later making opium smoking and trading in opium capital offenses. But by 1868, with free navigation on the Yangtze, Szechuan opium undersold Indian opium in Shanghai by about 40 per cent, although its quality was inferior, and it was already beginning to rival the sales of the imported drug.[12] This was true despite the fact that consular records show Shanghai in 1864 accounting for 72 per cent of China's total imports of opium, by virtue of its access to the central China market.[13] By 188-, the Maritime Customs estimated that opium production in China amounted to 224,000 piculs (one picul equals 133 pounds) (of which Szechuan accounted for 177,000 piculs), as against foreign opium imports of only 67,000 piculs.[14]

Though opium was no innovation of the Europeans, it is true that it was they who first organized its import on a large scale. That the trade was avidly taken up by the Chinese is indicated by the rise of Szechuan opium, as well as by the well-known history and complements of the Canton trade.† Foreigners and Chinese alike were eager

* The woolens consumed in north China have continued to come from local industry, both household and factory, which can produce goods of a quality and price better suited to the China market.

† For a discussion of the role of opium in the China trade before 1842, see Greenberg, *British Trade*, especially chapter 5. He includes an analysis of the conditions within and without China which stimulated it, and of the close relationship between the trade in tea and in opium. The revenues of Great Britain and of India, the profits of the British East India Company and of the private trading firms at Canton, and the viability of the tea and silk trade are discussed as they depended in varying, but significant or decisive degree, on the import of opium from India to

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548 439 for the large profits always associated with an illicit traffic. Chinese edicts against it were matched by foreign pronouncements in the wake of the "Opium War" of 1840–1842 (see above, p. 70) to make the trade doubly lucrative. The Chinese drug dealers profited both from its distribution from coastal ports of entry, notably Shanghai (an undertaking from which foreigners were explicitly barred by their own governments), and also from the growing domestic production and its distribution. (Opium came domestically not only from Szechuan but also from the northwest [Kansu and Shensi] and Yünnan, areas of limited arable land remote from the market where high unit-value production was essential and where local taxes and requisitions added to the incentive to grow opium.) Using both sources Chinese drug merchants built up a system of distribution and marketing which was later to implement the penetration of the China market as a whole by the variety of goods which increasingly entered domestic and foreign trade channels after the opening of the Yangtze.

Shanghai's key role in this process is evident from its command of the Yangtze trade artery, and it was the principal market for the distribution of both imported and domestic opium. The drug trade was profitable, and it was conducted on a very large scale. Concentration at Shanghai played an important part in the process of capital accumulation in the city, which was in turn a significant advantage in its continuing acquisition of commercial (and later industrial) dominance. These aspects of the opium trade have been little studied or described, for obvious reasons. Opium remained a live issue in which important sectors of the economy and important bureaux and personalities have been involved until very recently. One cannot consider the issue closed for China until Communist control had been thoroughly established. But it seems likely that opium played as great if not a greater part in Shanghai's rise than did tea or silk (see table II), and that it continued to stimulate the growth and concentration of capital and commercial activity in the

China. This trade, with its consequences for commercial development, was largely inherited by Shanghai after the breakdown of the Canton system. For an earlier standard work on opium, see David Owen, *British Opium Policy in China and India* (New Haven, 1934).

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city long after tea and silk had lost their commanding positions. The import of opium into China was legally abolished in 1917 by the terms of an international convention (see below, Chapter Eight), and it disappeared from customs figures at that time. But it was clearly still a powerful generator of capital and trade in the Shanghai of the 1930's. Opium also became a highly profitable export from Shanghai once its import had been officially banned, though as a then wholly illegal trade its volume and mechanics can only be guessed at.*

It also appears likely that the activities of Chinese opium merchants and distributors during the period from about 1800 to about 1870 helped to pioneer the commercialization and integration of the China market for sales of foreign goods, and that the later rapid spread of merchandizing, especially from Shanghai, was in some measure due to this earlier development of the techniques of commercial exploitation. Concurrently, opium continued to flow into Shanghai for domestic marketing and even for export, a trade which under the circumstances was increasingly profitable.

Tea and Silk

However, it was the trade in tea and silk, the two dominant staples of China's export trade until the close of the nineteenth century (table I), whose contribution to the commercial growth of Shanghai is clearest. The city's original near-monopoly as a result of the concentration of tea and silk production in or near the delta was further implemented by the opening of the Yangtze and its ports by the Treaty of Tientsin.

Transport costs for tea and silk by overland routes were high, averaging during the 1860's and 1870's 13 taels per bale of silk (approximately six bales to the ton), and 12 taels per hundred chests of tea (approximately 100 chests to the ton), for 200 miles. Taking the tael at this period as equivalent to about 6s 2d, these rates work out at about £24 per ton of silk (US$.56 per ton/mile), and £21 per ton of tea (US$.50 per ton/mile), as compared with

* See R. d'Auxion de Ruffe, *La Farce de l'Opium* (Paris, 1939), for a somewhat bitter *ad hominem* account of opium smoking and the opium trade in Shanghai, against the background of local and international measures designed to suppress it.

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conceived, and accordingly undertook as a first step the examination of the general question of the place of authorities in the protection of *mui tsai* and other groups of young persons "transferred into the control of others not near relatives and exploited by them."

A study was made during 1937 and 1938, delayed somewhat by the outbreak of Sino-Japanese hostilities in the latter half of 1937 and by the abnormal situation extending into 1938. A report was presented to the Council, and in November 1938 forwarded to the League of Nations for the use of its Slavery Committee. It was adopted by the Council on December 14, 1939. It recommended that a Child Protection Service be established in the Division. Some of the report's more relevant portions, chosen to show the range of the problem, follow:

"Case histories have been taken firstly of 176 girls who are *pei nu*[1] or in domestic conditions nearly allied to this: secondly of 72 girls who have been sold or mortgaged into a life of prostitution: thirdly of 27 girls bound by contract to a period of service in industrial undertakings where their earnings are the property of a contractor.

"Only a partial picture would have been presented if the study of *pei nu* only had been made, for unless the custom of transfer of girl children into the control of others than their immediate relatives and into domestic employment which is the essence of *pei nu* is seen in relation to other conditions which may have common features with this custom, there cannot be an intelligent recommendation as to administrative action regarding *pei nu*. In the question as to whether administrative action should be taken in respect of one group, the larger field must be seen.

"In all three types of transfer, whether for a longer or shorter period, money passes between the person transferring and the person to whom transferred. *Pei nu* as a rule being transferred at an early age, the amount of money passed in respect of them is small—from $20 to $30 in most cases. In respect of the girl mortgaged for a period of years into prostitution, the sum demanded is found in the studies to be higher than when a girl is disposed of outright to the brothel keeper, and in both cases more than for a *pei nu*. No girls interviewed were mortgaged into prostitution for less than $100 for a three-year period while there were several cases of girls disposed of for an indefinite period for less than this amount. Presumably some more enterprising entrepreneur, who knows how to create values, handled the girls who are mortgaged. The sum for which girls are bound into labour for two or three years is only from $30 to $45.

"It is immediately obvious that there is a wider custom of transfer into the control of others than is exemplified in the *pei nu* group. This

[1] [girl slaves -- Analyst]

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633 736 597 567 548 view was expressed in the 1937 Report on *pei nu* forwarded by the Council to the League of Nations Slavery Committee and was found by the Slavery Committee to coincide with a similar conception expressed to it from other sources.

"The Chinese Government delegate to the Sixth Committee of the League of Nations Assembly in 1937 (who is Chief of the Chinese Government delegation and its representative on the Advisory Committee on Social Questions) stated that the problem of *pei nu* can best be considered as part of the larger problem of child protection. The United Kingdom Government in its official communication to the Slavery Committee also indicated that work of the protection of women and children is intermingled with the problems arising out of the *mui tsai* or *pei nu* system. The Malayan Government has accepted in principle the minority report of the Commission on *mui tsai* in Hongkong and Malaya published in 1937. This recommended repeal of existing *mui tsai* legislation, the abolition of the legal status of *mui tsai* and the introduction of entirely new legislation for child protection."

736 597 633 567 Even as the Shanghai study was being made and the report presented, it was obvious that the 1937 war had left stranded an army of young people whose parents had been killed, or who were separated from their families during head-long flight from danger. Some of these children were in refugee camps; others were on the streets, begging, stealing, those still surviving managing to live in some manner. By contrast, *mui tsai*, young girls in domestic employment had at least a roof over their heads, and presumably food to eat. While in no way condoning the system, Council officials believed that the first concern of a Child Protection Service should be the homeless. No special registration of *mui tsai* was recommended. The programme which was developed and details of which follow was designed to care for these children in so far as an administrative procedure may do so.

Child protection work was begun with the young people who came into the hands of the police and were in need of help. Before 1939 it was the custom for police to take to court for disposition all lost, abandoned, abducted, ill-treated and otherwise exploited children for disposition by the judge of the court. To deal constructively with the needs of these young people something more than a purely legal process appeared to be desirable. In theory the disposition of the person of any citizen, child or otherwise, should be by the legal process. But in the situation ruling in Shanghai, where the need was essentially a social one, it was felt